

☒ **APPROVED**
8-8-07

FORM MR-RC (SMO)
Revised August 9, 2006
RECLAMATION CONTRACT

File Number S/053/076

Other Agency File Number UTU 80887

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
DIVISION of OIL, GAS and MINING
1594 West North Temple, Suite 1210
Box 145801
Salt Lake City, Utah 84114-5801
(801) 538-5291
Fax: (801) 359-3940

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SMALL MINE RECLAMATION CONTRACT

This Reclamation Contract (hereinafter referred to as "Contract") is entered into between **Color Country Rock, LLC** the "Operator" and the Utah State Division of Oil, Gas and Mining ("Division").

WHEREAS, Operator desires to conduct mining operations under Notice of Intention (NOI) File No. **S/053/076** which the Operator has filed with the Division and has been determined by the Division to be complete (Complete NOI) as required by the Utah Mined Land Reclamation Act, Sections 40-8-1 et seq., Utah Code Annotated, (2005, as amended) (hereinafter referred to as "Act") and the regulations adopted pursuant to the Act; and

WHEREAS, Operator is obligated to reclaim the lands affected by the mining operations in accordance with the Act and the regulations, and is obligated to provide a surety in a form and amount approved by the Division or the Board of Oil, Gas and Mining (Board) to assure reclamation of the lands affected by the mining operations.

NOW, THEREFORE, the Division and the Operator agree as follows:

1. Operator agrees to promptly reclaim in accordance with the requirements of the Act and applicable regulations, as they may be amended, all of the lands affected by the mining operations conducted or to be conducted pursuant to a Complete Notice of Intention.
2. The Lands Affected by the mining operations and subject to the requirements of the Act and this Contract include:
 - A. All surface and subsurface areas affected or to be affected by the mining operations including but not limited to private on-site ways, roads, railroads; land excavations; drill sites and

DIVISION OF OIL, GAS AND MINING:

By John R. Baza
John R. Baza, Director

3/8/07
Date

STATE OF Utah)
COUNTY OF Salt Lake) ss:

On the 8th day of March, 20 07, John R. Baza
personally appeared before me, who being duly sworn did say that he, the said
John R. Baza is the Director of the Division of Oil, Gas and Mining,
Department of Natural Resources, State of Utah, and he duly acknowledged to me that
he executed the foregoing document by authority of law on behalf of the State of Utah.



Diane Holland
Notary Public
Residing at: Salt Lake City, Utah

05-08-2010
My Commission Expires:

FACT SHEET

Commodity: PICTURE STONE

Mine Name: Vermillion Mine

County: Washington

Disturbed Acres: 3.0

Operator Name: Color Country Rock, LLC (Utah Department of Commerce entity number 4775820-0160)

Operator address: 115 South Main Veyo Utah 84782

Operator telephone: 435-229-2922

Contact: Preston Hafen or Jeff Fawcett

Operator email: fawcett_jeff@hotmail.com (Jeff Fawcett)

Surety: Letter of Credit

Bank Name: Sun First Bank

Surety Amount: \$15,000.00

Account number:

Contact: John Allen, President or Lee Fife, Vice President, 435-673-9610

Administered by: State of Utah, DOGM received initially through BLM, St. George Field Office. BLM surety approval date: _____

State Contact: Beth Ericksen, Division of Oil Gas and Mining, 801-538-5318

BLM UTU: 080887

Per R647-2-111.2 The Division will not require a separate surety where reclamation surety in a form and amount acceptable to the Division is held by other governmental entities, provided that the cost estimate is accurate and the Division is named as co-beneficiary. Cooperative agreements may be developed and entered into according to Section 40-8-22.

This Letter of Credit with Sun First Bank, does not meet Division acceptance requirements and is not being held by the BLM (per above rule). The operator worked with the BLM and used BLM requirements in obtaining the Letter of Credit. The Division will administer this Letter of Credit with the original being held by the Division. In the future, as updates and/or revisions are required, the Letter of Credit may be amended so that Division acceptance requirements are met.



120 East St. George Blvd.
St. George, Utah 84770
(435) 673-9610 (435) 688-1005 - FAX

IRREVOCABLE LETTER OF CREDIT

Irrevocable Letter of Credit Number: '
Account Party's Name: Color Country Rock, LLC
Account Party's Address: 291 East St. George Blvd
St. George, UT 84790

August 2, 2006

To: Utah Division of Oil, Gas, and Mining
1594 West North Temple Suite 1210
Box 145801
Salt Lake City, UT 84114-5801

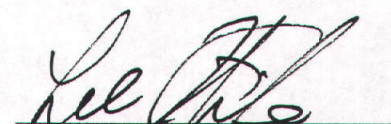
United States Department of Interior
Bureau of Land Management
Utah State Office
P.O. Box 45155
Salt Lake City, UT 84145-0155

RE: Vermillion Site Ser. #

1. We hereby establish this irrevocable and transferable Letter of Credit in your favor for one or more drawings to the United States Department of Interior BLM and Utah Division of Oil, Gas, and Mining in the amount of (\$15,000.00) Fifteen Thousand Dollars. This Letter of Credit is payable at Sun First Bank's office at 120 East St. George Blvd., St. George UT. 84770, and expires with our close of business on August 2, 2007, or any automatically extended expiration period.
2. We hereby undertake to honor your or the transferee's sight draft(s) drawn on the issuing or, if any the confirming financial institution, for all or any part of this credit if presented with this Letter of Credit and confirmation, in any, at the office specified in paragraph 1 of this Letter of Credit on or before the expiration date or any automatically extended expiration date.
3. SunFirst Bank will notify the BLM Office at P.O. Box 45155, Salt Lake City Utah 84155-01 and Utah Division of Oil, Gas, and Mining Office at 1594 West North Temple Suite 1210 Box 145801 Salt Lake City, UT 84114-5801 if it does not plan to renew this Letter of Credit at least 90 days prior to the expiration date of this letter.
4. This Letter of Credit will automatically renew each year unless SunFirst Bank notifies the BLM and Utah Division of Oil, Gas, and Mining in writing as outlined in paragraph 3 above. The Bureau of Land Management and Utah Division of Oil, Gas, and Mining may collect under the terms of this letter if obligor defaults or any provision it has with the BLV and if obligor fails to replace the Letter of Credit within 30 days of the expiration date
5. This letter of credit is subject to the ICC Uniform Customs and Practice for Documentary Credits (ICC/UCP500), the International Standby Practices (ISP98) and/or the Uniform Commercial Code as determined by the issuer.
6. If this credit expires during an interruption of business of this financial institution as described in Article 17 of the UCP, the financial institution specifically agrees to effect payment if this credit is drawn against within 30 days after the resumption of our business.

Sincerely,
SunFirst Bank


John Allen, President


Lee Fife, Vice President

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million

PERSONAL BOND AND POWER OF ATTORNEY
UNDER CONTRACT FOR MINERAL MATERIALS
July 31, 1947 (30 U.S.C. 601 et. seq.)

Individual Bond _____
(Enter Contract Number)

OR

Statewide Coverage _____
(Enter Name of State)

KNOW ALL MEN BY THESE PRESENTS, That Color Country Rock, LLC

_____, as Obligor, is held and firmly bound unto the United States Department of Interior-BLM and Utah Department of Natural Resources-Division of Oil Gas and Mining (UT DNR-DOGM) in the sum of Fifteen Thousand dollars dollars (\$ 15,000.00) lawful money of the United States for the use and benefit of (1) the United States and (2) any owner of a portion of the land subject to the coverage of this bond, who has a statutory right to compensation in connection with a reservation of the above-mentioned deposits to the United States, for which payment, well and truly to be made, he binds himself, his heirs, executors, administrators, successors, and assigns, jointly and severally, as a further guarantee of which a deposit has been made with the Bureau of Land Management in the sum of \$ 15,000.00 in the form of Bond.

The condition of the foregoing obligation is such that, whereas the Obligor has been granted the contract referred to above, upon the lands described therein and upon conditions therein expressed.

The said Obligor does hereby constitute and appoint the Secretary of the Interior as his attorney, to transfer and apply the said deposit as security for the faithful performance of any and all of the conditions or stipulations as hereinbefore set out, and it is agreed that, in case of any default in the performance of the conditions and stipulations of such undertaking, the said attorney shall have full power to assign, appropriate, transfer, and apply said deposit or any portion thereof and to apply proceeds to the satisfaction of any damages, or deficiencies arising by reason of such default as said attorney may deem best. The said Obligor hereby for himself, his heirs, executors, administrators, and successors, ratifies and confirms whatever his said Attorney shall do by virtue of these presents.

NOW THEREFORE, if said Obligor, his successors or assigns shall fully comply with the provisions of the contract referred to above, then and in that event the above obligation shall be null and void and the deposit shall be released and returned to the Obligor. Otherwise, said obligation shall remain in full force and effect.

Executed this 13th day of October, 2006.

Preston L. Hafen Color Country Rock, LLC
Obligor

Preston L. Hafen Co. Owner
Signature of Authorized Representative Title

3600 S 11700 E, St George, UT 84780
Business Address

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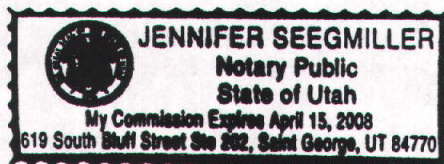
ACKNOWLEDGMENT from Notary Public:

State of Utah County of Washington

Subscribed and sworn to before me this October 13, 2006

by Preston L. Hafen

Jennifer Seegmiller 4-15-2008
Notary Public My commission expires



RECEIVED

NOV 03 2006

DIV. OF OIL, GAS & MINING